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COMPTROLLER GENERAL OF THE UNITED STATES

WASHINGTON, D.C. 20548

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Dear Mr. Chairman:

Pursuant to the request contained in your letter dated October 8, 1971, and subsequent discussions with our representatives, we have reviewed the alterations and refurnishing of office space occupied by ACTION, an independent agency established by Reorganization Plan 1 of 1971, effective July 1, 1971, to bring together, within a single agency, a number of voluntary action programs. We examined procurement documents, interviewed agency officials and visited many of the offices occupied by the agency.

The creation of ACTION resulted in the consolidation of several existing programs, including the Peace Corps and the Volunteers in Service to America (VISTA), and the transfer of employees and office furniture from several agencies to ACTION during the period July 1 through July 26, 1971.

ALTERATIONS, PAINTING, AND ELECTRICAL WORK

ACTION occupies 180,000 square feet of space in three buildings located in Washington, D.C. The estimated costs of alterations, painting, and electrical work at the three buildings, as shown on job orders issued to the General Services Administration from July 1 through October 14, 1971, are as follows:

	<u>Alter- ations</u>	<u>Paint- ing</u>	<u>Elec- trical work</u>	<u>Total</u>
Maiatico Building 806 Connecticut Avenue, NW. (102,000 square feet)	\$10,720	\$ 7,675	\$ 3,755	\$22,150
Matomic Building 1717 H Street, NW. (35,000 square feet)	13,800	2,720	8,905	25,425
Paramount Building 1735 I Street, NW. (43,000 square feet)	<u>2,870</u>	<u>-</u>	<u>1,040</u>	<u>3,910</u>
Total	<u>\$27,390</u>	<u>\$10,395</u>	<u>\$13,700</u>	<u>\$51,485</u>

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Most of the alteration costs pertained to the installation or removal of walls to create offices of suitable dimensions. For example, several individual offices were created from former library and conference areas. Painting was done in the altered areas and in various offices in which walls were scarred or dirty. Electrical work included such items as moving light fixtures and electrical and telephone outlets to conform to rearrangements of desks; also wiring changes were made to accommodate communications and automatic data processing equipment.

All alterations, painting, and electrical work were done through the General Services Administration, and in no instance did the work appear unjustified or excessive in cost.

#### FURNISHINGS

Most of the furnishings used by ACTION were previously used by other agencies and were transferred to ACTION along with the agencies' employees. Some furniture, carpeting, and draperies obtained from the Peace Corps were purchased by the Corps during June 1971. These Corps purchases and subsequent ACTION purchases are summarized below.

	<u>Peace Corps</u>	<u>ACTION</u>
Procurements from non-Federal suppliers:		
Furniture	\$13,843	\$ 1,199
Carpets	4,999	23,006
Draperies	1,536	882
Procurements from Federal suppliers:		
Furniture	<u>898</u>	<u>1,732</u>
Total	<u>\$21,276</u>	<u>\$26,819</u>

The furniture purchased by the Peace Corps in June was used to furnish the offices of five new executive-level positions that were proposed for ACTION. The cost of furniture procured by ACTION after July 1, 1971, includes about \$1,300 for 12 desks and 12 chairs for a typewriting-training room.

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The other items, including three desks and three chairs costing a total of about \$1,100, were used to supplement the furnishings of executive offices and reception rooms.

Because items of furniture and carpeting identical to those purchased from non-Federal suppliers were not available from Federal suppliers, we could not fully evaluate the reasonableness of the prices paid by making price comparisons between the two sources. In almost all instances, however, higher priced furniture having the same functional purpose was available from Federal suppliers. For example, the Peace Corps purchased five executive-type desks at \$255 each; executive-type desks available through the Federal supply sources cost as much as \$463 each. A similar comparison of carpeting costs showed only a slight difference in price between the two sources. Draperies are not available from Federal supply sources.

Our tour of the offices occupied by ACTION and discussions with agency officials confirmed that, except for the furniture for the typewriting-training room, the new furnishings were placed in office areas of agency executives and indicated that the furnishings had been moderate, rather than excessive. We observed also that the agency was continuing to use much office furniture that was in poor condition. ACTION officials told us that most of the carpeting purchased was used to replace badly worn carpeting that was about 10 years old.

We found no evidence that interior decorator services had been obtained by the agency or that new furnishings had been provided for the Director's office, except for new carpeting that had been installed about 2 months prior to the creation of ACTION.

#### PROCUREMENT PROCEDURES

Although our review did not indicate that the new furnishings were excessive in cost or appearance, it is possible that lower prices might have been obtained had additional suppliers been contacted.

ACTION officials told us that, when it became certain that the new agency would be created, they were faced with a pressing requirement for furniture for the offices of the proposed new executive-level positions. Therefore, as a matter of expediency, most of the furniture was purchased through negotiations with Executive Interiors, Incorporated, a local company that was known to maintain adequate stocks of the type of furniture that the agency desired. The officials told us also that this company was willing to coordinate delivery of the furniture with the completion of any alterations, painting, and carpeting of the offices.

ACTION officials also said that the carpet procurements had been negotiated with the Woodmont Carpet Company as a matter of expediency and that this company had been selected because it was known to be reliable and was willing to make the installation at night and during weekends, with a minimum of interruption to the agency's program activities.

Federal agencies are not required to use Federal supply sources when the time of delivery from those sources is not acceptable. In this circumstance agencies are not required to obtain General Services Administration approval to procure items from a non-Federal supplier, but they are required to query the Federal supplier as to whether it is able to meet the agencies' delivery requirements.

The Federal Procurement Regulations specify a number of circumstances under which negotiation, rather than formal advertising of procurements, is permitted and require that negotiated contracts and purchase orders contain references to the authority under which they have been negotiated. The regulations require also that, when procurements are negotiated, proposals be solicited from the maximum number of qualified sources consistent with the nature of, and requirement for, the items being procured.

We found no evidence indicating that Federal suppliers had been contacted regarding delivery requirements. The records contained no statements citing the authority under which these procurements were negotiated or evidencing whether

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proposals had been solicited from more than one supplier. ACTION officials told us that future procurements of office furnishings would be made in accordance with the Federal Procurement Regulations and that, whenever practical, Federal suppliers would be used. We plan no further action on this matter.

We plan to make no further distribution of this report unless copies are specifically requested, and then we shall make distribution only after your agreement has been obtained or public announcement has been made by you concerning the contents of the report.

We trust that the information provided has satisfactorily answered your questions. If we can be of further assistance, please let us know.

Sincerely yours,



Comptroller General  
of the United States

The Honorable Alan Cranston, Chairman  
Special Subcommittee on Human Resources  
Committee on Labor and Public Welfare  
United States Senate

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